

WINDFALL OILS & MINES LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31

1968

WINDFALL OILS & MINES LIMITED

Thirteenth Floor, 25 Adelaide Street West
TORONTO 1, ONTARIO

REPORT OF THE DIRECTORS

TO THE SHAREHOLDERS:

This Annual Report of Windfall Oils & Mines Limited for the year ended December 31, 1968 includes the Balance Sheet as at that date, with Auditors' Report thereon and supporting statements. It is accompanied by Notice of Annual Meeting, Proxy Form and Information Circular.

INVESTMENTS

There has been no significant change in the Company's investment portfolio during the year.

PROPERTIES

Timmins Area

With the Interim Report of July 15, 1968 there was furnished a copy of a report dated July 12, 1968 to the Company by Shield Geophysics Limited with reference to the most recent exploratory diamond drilling (D.D.H. 68-1) on the Prosser Township property. This report indicated that unless the zinc is incidental to the slates in the area, the source of the zinc stringers and other mineralization remains to be located.

A drill hole electrical survey was completed on part of the property in October to test the area of known zinc mineralization for zones of anomalous electrical conductivity that might be indicative of a sulphide body. The conclusions reached were that none of the anomalous zones tested by the survey of D.D.H. 66-5 are of significant magnitude or intensity to warrant diamond drilling. It is felt that the survey has effectively eliminated the presence of a conductive sulphide zone of any size to a depth of 925 feet in the area of the north volcanic sediment contact and in the area of the mineralized fractures intersected in holes 66-1 and 66-5. Sphalerite, the dominant mineral in the mineralized fractures is, of course, non-conductive.

Other Properties

After preliminary prospecting it was decided to allow the mining claims staked in Reaume Township, north of Timmins to lapse.

The patented claims in the Yerington area of Nevada and in Echo and McAree Townships, Sioux Lookout area, Ontario have been retained.

A silver-lead-zinc-gold prospect in Nevada submitted to the Company was declined.

FUTURE POLICY

The Company will continue to be on the alert for promising prospects.

Respectfully submitted,

On behalf of the Board,

G. A. MacMillan,
President.

Toronto, Ontario,
January 15, 1969.

WINDFALL OILS & MINES LIMITED

(Incorporated under the laws of Ontario)

BALANCE SHEET AS AT 31st DECEMBER, 1968

(with comparative figures for 1967)

	ASSETS	1968	1967
CURRENT:			
Cash in banks and on deposit		\$ 110,023.86	\$ 126,410.89
Investments at cost (quoted market 1968 \$15,150, 1967 \$14,500)		16,250.00	16,250.00
Miscellaneous accounts receivable and field advances		480.00	480.00
		<u>126,753.86</u>	<u>143,140.89</u>
Equipment at cost		<u>4,717.21</u>	<u>4,717.21</u>
MINING CLAIMS AND LEASES:			
Townships of Echo and McAree, District of Kenora, Ontario		100,000.00	100,000.00
Townships of Wark and Prosser, District of Cochrane, Ontario		200,000.00	200,000.00
Lyon County, State of Nevada, U.S.A.		3,240.00	3,240.00
		<u>303,240.00</u>	<u>303,240.00</u>
DEFERRED EXPENDITURE AS PER ATTACHED STATEMENT:			
General exploration, development, and administrative expenditure		407,735.32	406,186.56
Exploration and development of claims held in Townships of Wark and Prosser, District of Cochrane, Ontario		169,121.74	154,798.47
Exploration and development of properties in Reaume Township, Ontario — Note 2			947.44
		<u>576,857.06</u>	<u>561,932.47</u>
		<u>\$1,011,568.13</u>	<u>\$1,013,030.57</u>
	LIABILITIES		
		1968	1967
CURRENT:			
Accounts payable and accrued charges		\$ 3,000.00	\$ 3,515.00
CAPITAL:			
Authorized			
5,000,000 shares of \$1 each ..	\$5,000,000.00	<u>\$5,000,000.00</u>	<u>\$5,000,000.00</u>
Issued			
3,800,000 shares		3,800,000.00	3,800,000.00
Less discount thereon		<u>1,981,244.40</u>	<u>1,981,244.40</u>
DEDUCT:		<u>1,818,755.60</u>	<u>1,818,755.60</u>
Mining properties and expenditure thereon, interests, etc. written off as having no value Note 2			
Balance at the beginning of the year	809,240.03	770,747.14	
Written off during the year	947.44	38,492.89	
Balance at the close of the year		<u>810,187.47</u>	<u>809,240.03</u>
		<u>1,008,568.13</u>	<u>1,009,515.57</u>
		<u>\$1,011,568.13</u>	<u>\$1,013,030.57</u>

The attached notes form an integral part of the financial statements

Approved on behalf of the Board:

GEORGE A. MacMILLAN, Director.

F. BLAIR, Director.

WINDFALL OILS & MINES LIMITED

STATEMENT OF EXPLORATION, DEVELOPMENT AND ADMINISTRATIVE EXPENDITURE

for the year ended 31st December, 1968

(with comparative figures for 1967)

	1968	1967
GENERAL EXPLORATION AND DEVELOPMENT:		
Acreage and other taxes	\$ 230.17	\$ 208.07
Field expense	569.03	3,742.00
General expense	312.74	329.30
	<u>1,111.94</u>	<u>4,279.37</u>
ADMINISTRATIVE:		
Corporate expense	2,741.53	2,020.35
Legal	1,354.45	3,263.58
Directors' fees	450.00	450.00
Head office	3,707.01	5,971.31
	<u>8,252.99</u>	<u>11,705.24</u>
Less interest earned	7,816.17	7,165.39
	<u>436.82</u>	<u>4,539.85</u>
	1,548.76	8,819.22
Balance forward from previous year	406,186.56	397,367.34
CARRIED TO BALANCE SHEET	<u>\$407,735.32</u>	<u>\$406,186.56</u>
Exploration and Development of Properties in Townships of Wark and Prosser, District of Cochrane, Ontario		
Drilling	\$ 8,124.85	\$ 25,724.27
Sampling and assaying	14.90	113.90
Geological and engineering	4,594.30	5,819.98
Travel, lodging, etc.	1,356.85	1,755.95
General	232.37	1,007.80
Payments made under option agreement — Note 1		2,000.00
	<u>14,323.27</u>	<u>36,421.90</u>
Balance forward from previous year	154,798.47	118,376.57
CARRIED TO BALANCE SHEET	<u>\$169,121.74</u>	<u>\$154,798.47</u>

WINDFALL OILS & MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31st December, 1968

(with comparative figures for 1967)

	1968	1967
EXPENDITURE DURING YEAR:		
Administrative	\$ 8,252.99	\$ 11,705.24
Exploration and development:		
Townships of Wark and Prosser, Ontario	14,323.27	36,421.90
Townships of Lavergne and Vanier, Quebec		19,218.53
Staking 9 claims Reaume Township, Ontario		947.44
Alouette Lake, B.C.		763.00
General	1,111.94	2,835.37
	<u>23,688.20</u>	<u>71,891.48</u>
Deduct funds received		
Interest	7,816.17	7,165.39
Insurance claim for lost equipment		2,885.00
	<u>7,816.17</u>	<u>10,050.39</u>
Net expenditure for year	<u>15,872.03</u>	<u>61,841.09</u>
Working capital at beginning of year	139,625.89	201,466.98
Working capital at close of year	123,753.86	139,625.89
Decrease in working capital during year	<u>\$ 15,872.03</u>	<u>\$ 61,841.09</u>

NOTES ON FINANCIAL STATEMENTS

as at 31st December, 1968

1. During 1967 an exploration option on ground in Prosser Township was entered into which, if fully exercised, would require payments totalling \$20,000.00 and, under certain conditions, the issue to the optioners of a total of 300,000 shares of a company which may be formed having an authorized capital of 3,000,000 shares. To date \$2,000.00 has been paid of which \$1,600.00 is now held in escrow pending deposit of good title to the ground by the optioners. There was no change in these circumstances during 1968.
2. During the year the cost of staking 9 claims in Reaume Township, Ontario, in 1967, amounting to \$947.44 was written off, the claims having been allowed to lapse.

AUDITORS' REPORT

To the Shareholders
Windfall Oils & Mines Limited:

We have examined the balance sheet of Windfall Oils & Mines Limited as at 31st December, 1968, the statement of exploration, development, and administrative expenditure, and the statement of source and application of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying balance sheet, the statement of exploration, development, and administrative expenditure, and the statement of source and application of funds present fairly the financial position of the company as at 31st December, 1968, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HILL, MURRAY & CO.,
Chartered Accountants.

Hamilton, Ontario,
13th January, 1969.

WINDFALL OILS & MINES LIMITED

Annual Meeting
February 14, 1969

INFORMATION CIRCULAR as at January 17, 1969

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation by the management of Windfall Oils & Mines Limited ("the Company") of proxies to be used at the Annual Meeting of Shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular personnel of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors and/or officers of the Company. **A shareholder desiring to appoint some other person to attend and act for him and on his behalf at the meeting may do so** either by inserting such other person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Company.

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Company, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Company or the Chairman of the meeting.

Where a proxy is signed by a corporation, its corporate seal must be affixed.

EXERCISE OF DISCRETION BY PROXIES

The shares represented by the proxy will be voted and, where the person whose proxy is solicited specifies a choice with respect to any matter to be acted upon, the shares shall, subject to section 75f of The Corporations Act, be voted in accordance with the specifications so made. In the absence of such specifications, such shares will be voted in favour of:

- (a) the approval of the 1968 Annual Report which includes the Report of the Directors, the Financial Statements for the period ended December 31, 1968 and the Auditors' Report;
- (b) the election as directors of the nominees described below;
- (c) the appointment as auditors of Hill, Murray & Co. with authority to the directors to fix their remuneration;

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting and any adjournment thereof. At the time of printing this Circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL HOLDER THEREOF

On January 17, 1968, the Company had outstanding 3,800,000 shares with par value of \$1.00 each and each carrying the right to one vote per share. According to copies of insider reports furnished the Company, the following indicates persons or companies beneficially owning directly or indirectly shares carrying more than 10% of the voting rights attached to all issued shares of the Company: V. R. MacMillan is the owner of 418,500 shares of the Company, 801,498 of the 1,311,455 shares of Golden Shaft Mines Limited, a public company, which owns 326,931 shares of the Company and all but 1,000 of the 30,000 shares of Variometer Surveys Limited, a public company, which owns 307,553 shares of the Company.

Shareholders of record at the time of the meeting will be entitled to attend and vote at the meeting. The recorded addresses of shareholders are indicated on the printed Proxy furnished with the Notice of Meeting. Shareholders are urged to see that the Company or the Transfer Agent, Canada Permanent Trust Company, 1901 Yonge Street, Toronto, has their current addresses.

ELECTION OF DIRECTORS

The board consists of five directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom are now members of the board of directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting or until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws.

The following table states the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations and number of shares of the Company beneficially owned directly or indirectly by each of them as of January 17, 1969.

<u>Name and Address</u>	<u>Principal Occupation during past 5 years</u>	<u>Shares</u>	<u>Became Director</u>
G. A. MacMillan 303 Oriole Parkway, Toronto, Ontario. (President)	Prospector	113,598 direct*	1961
W. H. Turney Val Gagne, Ontario. (Vice-President)	Prospector	3,000 direct	1966
W. F. Farrow Apt. 206, 7 Helena Street, Port Credit, Ontario.	Retired	1 direct	1966
F. Blair 287 Davisville Ave., Toronto, Ontario. (Treasurer)	Accountant	11,000 direct**	1966
A. G. MacMillan 23 Royaleigh Ave., Weston, Ontario.	Salesman	1 direct	1968

*Mr. MacMillan also owns 100,000 shares of Golden Shaft Mines Limited above mentioned and shares owned or controlled by V. R. MacMillan, wife of Mr. MacMillan, are indicated above.

**held in joint ownership with husband, Thomas Blair.

The information with respect to directors and shares beneficially owned by them not being within the knowledge of the Company has been furnished by the respective directors individually.

REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

No remuneration other than a nominal fee per meeting attended was paid or is payable by the Company to the directors and senior officers of the Company as such for the fiscal year ended December 31, 1968, or is proposed to be paid. G. A. MacMillan when in the field receives \$25.00 per day. A total of \$250.00 was claimed and paid in 1968. The legal firm of Strathy, Archibald, Seagram & Cole of which T. F. C. Cole, Secretary, is a member, received payment for professional services as counsel to the Company.

APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Hill, Murray & Co., Chartered Accountants, Hamilton, Ontario, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders, Hill, Murray & Co. have been auditors of the Company for more than five years.



Free

Mr Scott

WINDFALL OILS & MINES LIMITED

REPORT OF DIRECTORS

TO THE SHAREHOLDERS:

Your directors now submit their report on the affairs of the Company for the year ended December 31, 1967, together with the Balance Sheet, supporting statements and Auditors' Report to shareholders. It is accompanied by notice of annual meeting, proxy form and information circular.

You have received, by way of interim report, information on the Company's exploration activities during the year and the following will summarize.

TIMMINS AREA, ONTARIO

Following the execution of an exploration option on the North Half of Lot 9, Concession I Prosser Township, which the Company had been endeavouring to arrange since May, 1964, an electro-magnetic magnetometer survey was carried out on this patented ground which is adjacent to one of the groups which the Company holds under Crown mining lease.

This survey was followed by some 4,300 feet of diamond drilling partly on Company property and partly on optioned property. A deep hole (1,300 foot minimum) has since been recommended to test a theory that a zinc-lead occurrence intersected in earlier drill holes may be related to mineral disposition along a volcanic-sedimentary contact. However it was decided to suspend drilling in April and not undertake any enlarged programme for the time being.

LAVERGNE AND VANIER TOWNSHIPS, QUEBEC

A geophysical survey and 1,330 feet of diamond drilling was carried out under an exploration option of 20 zinc-lead prospect claims and the option was dropped when values obtained were considered inadequate.

OTHER PROPERTIES

As previously reported, the working option on 105 claims between Alouette and Stave Lakes in New Westminster Mining Division, British Columbia, was dropped after a decision that mine-making possibilities were not sufficiently attractive to doing further work.

Nine claims staked in late autumn in Reaume Township, north of Timmins, Ontario, remain to be prospected and explored.

The Company retains its patented claims in Echo and McAree Townships, Sioux Lookout area, Ontario, and in the Yerington Area, Nevada.

FUTURE POLICY

The Company plans to continue its diligent search, in an economical manner, for mineral deposits with a view to production.

Respectfully submitted,

On behalf of the Board,

GEORGE A. MacMILLAN,

President.

Toronto, Ontario,
January 16, 1968.

WINDFALL OILS

(Incorporated under

Balance Sheet as at

(with comparative

ASSETS

	1967	1966
Current:		
Cash in banks and on deposit	\$ 126,410.89	\$ 185,351.54
Investments at cost (quoted market value 1967 \$14,500.00, 1966 \$12,950.00)	16,250.00	16,250.00
Miscellaneous accounts receivable and field advances	480.00	1,577.94
	<u>143,140.89</u>	<u>203,179.48</u>
Equipment at cost	<u>4,717.21</u>	<u>9,046.21</u>
Mining Claims and Leases:		
Townships of Echo and McAree, District of Kenora, Ontario ..	100,000.00	100,000.00
Townships of Wark and Prosser, District of Cochrane, Ontario	200,000.00	200,000.00
Lyon County, State of Nevada, U.S.A.	3,240.00	3,240.00
	<u>303,240.00</u>	<u>303,240.00</u>
Deferred Expenditure as per attached statement:		
General exploration, development, and administrative expenditure	406,186.56	397,367.34
Exploration and development of claims held in Townships of Wark and Prosser, District of Cochrane, Ontario	154,798.47	118,376.57
Exploration and development of claims located at Alouette Lake, British Columbia — See Note 2	—	18,511.36
Exploration and development of properties in Reaume Township, Ontario	947.44	—
	<u>561,932.47</u>	<u>534,255.27</u>
 Approved on behalf of the Board:		
GEORGE A. MacMILLAN, Director.		
F. BLAIR, Director.		
	<u>\$ 1,013,030.57</u>	<u>\$ 1,049,720.96</u>

The attached notes form an integral part of the financial statements.

AUDITORS

To the Shareholders of
WINDFALL OILS & MINES LIMITED:

We have examined the balance sheet of Windfall Oils & Mines Limited as at 31st. December, 1967, and the statement of exploration, development, and administrative expenditure for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Hamilton, Ontario,
10th. January, 1968.

& MINES LIMITED

(Incorporated under the laws of Ontario)

31st. December, 1967

(Figures for 1966)

	LIABILITIES	
	1967	1966
Current:		
Accounts payable and accrued charges	\$ 3,515.00	\$ 1,712.50
Capital:		
Authorized		
5,000,000 shares of \$1.00 each	<u>\$ 5,000,000.00</u>	<u>\$ 5,000,000.00</u>
Issued		
3,800,000 shares	3,800,000.00	3,800,000.00
Less discount thereon ...	1,981,244.40	1,981,244.40
	<u>1,818,755.60</u>	<u>1,818,755.60</u>
Deduct:		
Mining properties and expenditure thereon, interests, etc. written off as having no value See Note 2		
Balance at the beginning of the year	770,747.14	585,749.42
Written off during the year	38,492.89	184,997.72
Balance at the close of the year	<u>809,240.03</u>	<u>770,747.14</u>
	<u>1,009,515.57</u>	<u>1,048,008.46</u>
	<u>\$ 1,013,030.57</u>	<u>\$ 1,049,720.96</u>

part of the financial statements.

REPORT

In our opinion the accompanying balance sheet and statement of exploration, development, and administrative expenditure present fairly the financial position of the company as at 31st. December, 1967, and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

HILL, MURRAY & CO.,
Chartered Accountants.

WINDFALL OILS & MINES LIMITED

STATEMENT OF EXPLORATION, DEVELOPMENT, AND ADMINISTRATIVE EXPENDITURE FOR THE YEAR ENDED 31st. DECEMBER, 1967

(with comparative figures for 1966)

	1967	1966
General Exploration and Development:		
Acreage and other taxes	\$ 208.07	\$ 81.77
Field expense	3,742.00	6,933.97
General expense	329.30	
	<u>4,279.37</u>	<u>7,015.74</u>
Administrative:		
Corporate expense	2,020.35	1,407.90
Legal	3,263.58	3,058.50
Directors' fees	450.00	575.00
Head office	5,971.31	9,226.54
	<u>11,705.24</u>	<u>14,267.94</u>
Less: Interest earned	\$7,165.39	\$10,089.06
Profit on sale of securities	<u>—</u>	<u>377.04</u>
	<u>4,539.85</u>	<u>3,801.84</u>
	8,819.22	10,817.58
Balance forward from previous year	397,367.34	386,549.76
Carried to Balance Sheet	<u><u>\$406,186.56</u></u>	<u><u>\$397,367.34</u></u>
Exploration and Development of Properties in Townships of Wark, and Prosser, District of Cochrane, Ontario		
Drilling	\$ 25,724.27	\$ 23,042.47
Sampling and assaying	113.90	185.75
Geological and engineering	5,819.98	4,463.77
Travel, lodging etc.	1,755.95	952.88
General	1,007.80	2,235.89
Payments made under option agreement — Note 1	2,000.00	
	<u>36,421.90</u>	<u>30,880.76</u>
Balance forward from previous year	118,376.57	87,495.81
Carried to Balance Sheet	<u><u>\$154,798.47</u></u>	<u><u>\$118,376.57</u></u>
Exploration and Development of Properties in Reaume Township, Ontario		
Cost of staking 9 claims	\$ 947.44	
Carried to Balance Sheet	<u><u>947.44</u></u>	

WINDFALL OILS & MINES LIMITED

NOTES ON FINANCIAL STATEMENTS

as at 31st. December, 1967

1. During the year an exploration option on ground in Prosser Township was entered into which if fully exercised would require payments totalling \$20,000.00 and under certain conditions the issue to the optioners of a total of 300,000 shares of a company which may be formed having an authorized capital of 3,000,000 shares. To date \$2,000.00 has been paid of which \$1,600.00 is now held in escrow pending deposit of good title to the ground by the optioners.

2. During the year the following have been written off as having no value.

Exploration and development expense of properties at Alouette Lake the option having been dropped — incurred 1966	\$18,511.36
1967	763.00

Exploration and development expense of properties in Lavergne and Vanier Townships, Quebec, the option having been dropped — incurred 1967

Drilling	\$7,034.55	
Geological and engineering	5,924.75	
Assays	359.90	
Travel and lodging	792.60	
Option payment	4,625.00	
General	481.73	19,218.53
Total for year		<u>\$38,492.89</u>

3. The only funds received by the company during 1967 and 1966 are shown as deductions from administrative expenditures on the Statement of Exploration, Development, and Administrative Expenditure, and in 1967 an insurance claim was received for loss of equipment amounting to \$2,885.00.

WINDFALL OILS & MINES LIMITED

ANNUAL MEETING

February 8, 1968

INFORMATION CIRCULAR

as at January 15, 1968

Solicitation of Proxies

This information circular is furnished in connection with the solicitation by the management of Windfall Oils & Mines Limited ("the Company") of proxies to be used at the Annual Meeting of Shareholders of the Company to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited personally by regular personnel of the Company at nominal cost. The cost of solicitation by management will be borne by the Company.

Appointment and Revocation of Proxies

The persons named in the accompanying form of proxy are directors and/or officers of the Company. A shareholder desiring to appoint some other person to attend and act for him and on his behalf at the meeting may do so either by inserting such other person's name in the blank space provided in the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed proxy to the Company.

A shareholder who has given a proxy may revoke it either (a) by signing a proxy bearing a later date and delivering it to the Company, or (b) as to any matter on which a vote shall not already have been cast pursuant to the authority conferred by such proxy, by signing written notice of revocation and delivering it to the Company or the Chairman of the meeting.

Where a proxy is signed by a corporation, its corporate seal must be affixed.

Exercise of Discretion by Proxies

The shares represented by the proxy will be voted and, where the person whose proxy is solicited specifies a choice with respect to any matter to be acted upon, the shares shall, subject to section 75f of The Corporations Act, be voted in accordance with the specifications so made. In the absence of such specifications, such shares will be voted in favour of:

- (a) the approval of the 1967 Annual Report which includes the Report of the Directors, the Financial Statements for the period ended December 31, 1967 and the Auditors' Report;
- (b) the election as directors of the nominees described below;
- (c) the appointment as auditors of Hill, Murray & Co. with authority to the directors to fix their remuneration;

The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting, and with respect to other matters which may properly come before the meeting and any adjournment thereof. At the time of printing this Circular the management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

Voting Shares and Principal Holder Thereof

On January 15, 1968, the Company had outstanding 3,800,000 shares with par value of \$1.00 each and each carrying the right to one vote per share. According to copies of insider reports furnished the Company, the following indicates persons or companies beneficially owning directly or indirectly shares carrying more than 10% of the voting rights attached to all issued shares of the Company: V. R. MacMillan is the owner of 418,500 shares of the Company, 801,498 of the 1,311,455 shares of Golden Shaft Mines Limited, a public company, which owns 326,931 shares of the Company and all but 1,000 of the 30,000 shares of Variometer Surveys Limited, a private company, which owns 307,553 shares of the Company.

Shareholders of record at the time of the meeting will be entitled to attend and vote at the meeting. The recorded addresses of shareholders are indicated on the printed Proxy furnished with the Notice of Meeting. Shareholders are urged to see that the Company or the Transfer Agent, Canada Permanent Trust Company, 1901 Yonge Street, Toronto, has their current addresses.

Election of Directors

The board consists of five directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below, all of whom, with the exception of A. G. MacMillan, are now members of the board of directors and have been since the dates indicated. The management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting or until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws.

The following table states the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Company now held by them, their principal occupations and number of shares of the Company beneficially owned directly or indirectly by each of them as of January 15, 1968.

<u>Name and Address</u>	<u>Principal Occupation during past 5 years</u>	<u>Shares</u>	<u>Became Director</u>
G. A. MacMillan _____ 303 Oriole Parkway Toronto, Ontario (President)	Prospector	113,598 direct*	1961
W. H. Turney _____ Val Gagne, Ontario (Vice-President)	Prospector	3,000 direct	1966
W. F. Farrow _____ Apt. 207, 7 Helena St., Port Credit, Ontario	Retired	1 direct	1966
F. Blair _____ 287 Davisville Ave., Toronto, Ontario (Treasurer)	Accountant	8,000 direct**	1966
A. G. MacMillan _____ 23 Royaleigh Ave., Weston, Ontario	Salesman	1 direct	—

* Mr. MacMillan also owns 100,000 shares of Golden Shaft Mines Limited above mentioned and shares owned or controlled by V. R. MacMillan, wife of Mr. MacMillan, are indicated above.

** held in joint ownership with husband, Thomas Blair.

The information with respect to directors and shares beneficially owned by them not being within the knowledge of the Company has been furnished by the respective directors individually.

Remuneration of Directors and Senior Officers

No remuneration other than a nominal fee per meeting attended was paid or is payable by the Company to the directors and senior officers of the Company as such for the fiscal year ended December 31, 1967, or is proposed to be paid. G. A. MacMillan when in the field receives \$25.00 per day. The legal firm of Roberts, Archibald, Seagram & Cole (now Strathy, Archibald, Seagram & Cole) of which T. F. C. Cole, Secretary, is a member, received payment for professional services as counsel to the Company.

Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Hill, Murray & Co., Chartered Accountants, Hamilton, Ontario, as auditors of the Company, to hold office until the next Annual Meeting of Shareholders. Hill, Murray & Co. (and their predecessor, Grier, Dyer & Hill) have been auditors of the Company for more than five years.